

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Manchester Urban Homes, located at 8721-8765 S Broadway Avenue in Los Angeles, requested and is being recommended for a reservation of \$3,112,855 in annual federal tax credits and \$14,128,514 in total state tax credits to finance the new construction of 120 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Abode Communities and will be located in Senate District 30 and Assembly District 59.

The project financing includes state funding from the AHSC program(s) of HCD.

Project Number CA-21-724

Project Name Manchester Urban Homes
Site Address: 8721-8765 S Broadway Avenue
 Los Angeles, CA 90003 County: Los Angeles
Census Tract: 2402.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,112,855	\$14,128,514
Recommended:	\$3,112,855	\$14,128,514

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Abode Communities
Contact: Lara Regus
Address: 1149 S Hill Street, Suite 700
 Los Angeles, CA 90015
Phone: (213) 225-2812
Email: lregus@abodecommunitis.org

General Partner(s) or Principal Owner(s): MUH GP LLC
 Manchester Urban Homes LLC

General Partner Type: Nonprofit

Parent Company(ies): Abode Communities
 NHS Neighborhood Redevelopment Corporation

Developer: Abode Communities

Bond Issuer: City of Los Angeles

Investor/Consultant: California Housing Partnership Corporation

Management Agent: Abode Communities

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 122
 No. / % of Low Income Units: 120 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 39	33%
50% AMI: 8	7%
60% AMI: 73	61%

Unit Mix

73 1-Bedroom Units
33 2-Bedroom Units
16 3-Bedroom Units
<u>122 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
39 1 Bedroom	30%	\$665
2 1 Bedroom	50%	\$1,108
32 1 Bedroom	60%	\$1,330
1 2 Bedrooms	50%	\$1,330
1 2 Bedrooms	60%	\$1,596
3 2 Bedrooms	50%	\$1,330
26 2 Bedrooms	60%	\$1,596
2 3 Bedrooms	50%	\$1,536
14 3 Bedrooms	60%	\$1,843
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,746,675
Construction Costs	\$46,271,398
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,532,537
Soft Cost Contingency	\$288,621
Relocation	\$0
Architectural/Engineering	\$2,033,753
Const. Interest, Perm. Financing	\$4,528,988
Legal Fees	\$280,000
Reserves	\$385,591
Other Costs	\$1,646,227
Developer Fee	\$2,940,000
Commercial Costs	\$0
Total	\$67,653,790

Residential

Construction Cost Per Square Foot:	\$369
Per Unit Cost:	\$554,539
True Cash Per Unit Cost*:	\$518,064

Construction Financing

Source	Amount
Citibank	\$35,933,000
Citibank (Taxable)	\$17,017,295
Seller Carryback	\$4,450,000
Accrued Interest	\$178,571
GP Loan via City of LA	\$2,300,000
Deferred Costs	\$1,910,611
General Partner Equity	\$100
Tax Credit Equity	\$5,864,213

Permanent Financing

Source	Amount
Citibank	\$7,222,000
HCD AHSC	\$13,500,000
Seller Carryback	\$4,450,000
Accrued Interest	\$178,571
GP Loan via City of LA	\$2,300,000
General Partner Equity	\$100
Tax Credit Equity	\$40,003,119
TOTAL	\$67,653,790

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$59,862,604
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$77,821,385
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,112,855
Total State Credit:	\$14,128,514
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,940,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.89476

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.